



NORTH AMERICAN ENERGY STANDARDS BOARD

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May 8, 2025
Filed Electronically

The Honorable Debbie-Anne A. Reese
Federal Energy Regulatory Commission
888 First Street, N.E. Room 1A
Washington, DC 20426

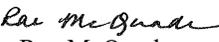
RE: NAESB Status Report to the Commission Concerning Standards Request R24004 – Distance-Based Rate Charges on Transportation/Sales Invoices

Dear Ms. Reese:

The North American Energy Standards Board (“NAESB”) is voluntarily submitting this status report to the Federal Energy Regulatory Commission (“FERC” or “Commission”) concerning the failure of a standards recommendation developed in response to Standards Request R24004. Request R24004 seeks to support distance-based rate charging practices through the addition of data elements to the NAESB Wholesale Gas Quadrant (WGQ) Business Practice Standards; however, the proposed standards modifications developed in response to the request did not receive the requisite support from the Local Distribution Company Segment of WGQ required for approval under the NAESB process. This report is submitted to inform the Commission of the WGQ Subcommittees and Executive Committee’s actions and the outcome of the determinative notational ballot. Under NAESB procedures, a report is required when a single segment blocks approval of a standard, ensuring the Commissioners’ offices are informed.

This report is being filed electronically in Adobe Acrobat® Portable Document Format (.pdf). All of the documents are also available on the NAESB website (www.naesb.org). Please feel free to call the NAESB office (713-356-0060) or refer to the NAESB website should you have any questions or need additional information regarding Version 4.0 of the NAESB WGQ Business Practice Standards.

Respectfully submitted


Ms. Rae McQuade
President, North American Energy Standards Board

cc with enclosures:

Chairman, Mark C. Christie, Federal Energy Regulatory Commission
Commissioner, Judy W. Chang, Federal Energy Regulatory Commission
Commissioner, David Rosner, Federal Energy Regulatory Commission
Commissioner, Lindsay S. See, Federal Energy Regulatory Commission

Mr. David L. Morenoff, Acting General Counsel, Office of the General Counsel, Federal Energy Regulatory Commission

Ms. Jignasa Gadani, Director, Office of Energy Policy and Innovation, Federal Energy Regulatory Commission

Ms. Jette Gebhart, Director, Office of Energy Market Regulation, Federal Energy Regulatory Commission

Mr. Joseph H. McClelland, Director, Office of Energy Infrastructure Security, Federal Energy Regulatory Commission

Mr. Michael Desselle, Chairman & CEO, North American Energy Standards Board

Mr. Paul Smith, Vice Chairman, North American Energy Standards Board

Mr. Jonathan Booe, Executive Vice President & COO, North American Energy Standards Board

Mr. William P. Boswell, General Counsel, North American Energy Standards Board

May 8, 2025

Enclosures (all documents and links are available publicly on the NAESB website – www.naesb.org)

- Appendix A Hyperlinks to Standards Request R24004, Recommendation, and Comments
- Appendix B Hyperlinks to NAESB WGQ BPS and IR/Technical Subcommittee Meeting Minutes
(October – November 2024), Presentations, Work Papers, and Voting Records
- Appendix C Hyperlinks to Executive Committee Meeting Minutes, Comments, and Voting Record
- Appendix D List of Transcripts
- Appendix E Hyperlinks to R24004 Notational Ballot and Notational Ballot Results

**UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION**

**Coordination of the Scheduling Processes of
Interstate Natural Gas Pipeline and Public Utilities**)
)

Docket No. RM 96-1-000

The North American Energy Standards Board (NAESB) is voluntarily submitting this report to the Federal Regulatory Commission (“FERC” or “Commission”) to inform the Commission of actions taken in response to Standards Request R24004. The request proposed the addition of new data elements to NAESB WGQ Standard No. 3.4.1 to accommodate the communication of distance-based rate charges in transportation invoices through Electronic Data Interchange (EDI). This report outlines the standards development efforts carried out by the NAESB WGQ Business Practices Subcommittee (BPS), the WGQ Joint Information Requirements/Technical (IR/Tech) Subcommittees, the deliberations of the WGQ Executive Committee (EC), and the final notational ballot results, which concluded that the recommendation did not receive the necessary support from the Local Distribution Company (LDC) segment for approval. Per past practice, when a recommendation for standards receives super majority support of a quadrant’s Executive Committee but fails to achieve the forty percent support required of each market segment to approve a standard, NAESB submits a report the Commission to inform it of the determination.

I. Description of Standards Request R24004

Standards Request R24004 was submitted to the NAESB office on September 5, 2024 by TC Energy Corporation. The request proposed enhancements to WGQ Standard No. 3.4.1 (Transportation/Sales Invoice) to accommodate the practice of invoicing for transportation service based on the distance between receipt and delivery points. Specifically, the request suggested the addition of three new data elements, Charge Period, Distance, and Distance Formula, intended to provide additional information to shippers related to the rate calculations that incorporate mileage as a factor. The modifications proposed in the request were designed to be sender’s option and applicable to Transportation Service Providers (TSP) that offer such services under their tariffs or contracts. The request specified that the addition would allow for more complete invoicing information in both electronic and paper formats and proposed updates to related EDI mapping instructions in the X12 standard.

II. Standards Development Activities

The WGQ BPS reviewed Standards Request R24004 at meetings held on October 8 and October 15, 2024. Following its review, the WGQ BPS made the following motion:

The WGQ BPS instructs the Joint Informal Requirements and Technical Subcommittees to add Data Elements to accommodate the Sender’s Option Business Practice of charging distance-based rates for transportation services in the NAESB WGQ Standard No 3.4.1 Transportation/Sales Invoice. Additionally, review all additional datasets and make corresponding changes, including adding code values, as needed.

The WGQ BPS approved instructions to the Joint WGQ IR/Tech Subcommittees by a simple majority vote to develop implementation details, with one vote in opposition from the American Gas Association (AGA). The Joint WGQ IR/Tech met on October 24 and November 19, 2024, and developed a recommendation to add the proposed data elements, code values, and EDI mapping guidelines to WGQ Standard No. 3.4.1. The recommendation specified modifications to the PID and MEA segments within the IT1 loop of the X12 Transportation/Sales Invoice structure. These changes included usage indicators, descriptions, and applicable code values for both data content and units of measure. The Joint WGQ IR/Tech Subcommittees approved a motion to adopt the recommended implementation for inclusion in NAESB WGQ Version 4.1. The recommendation was posted for a 30-day formal comment period beginning November 25, 2024 and ending on December 27, 2024.

One comment, submitted by AGA, was received during the industry comment period. on December 27, 2024. The comment stated that “the requested changes to the Transportation/Sales Invoice datasets are based on individual pipeline tariff provisions that are not in widespread use” and that “the proposed additions to the NAESB WGQ standards would incorporate elements that do not reflect broadly accepted industry practice.” The comments also noted that adopting the proposed standard "would suggest to regulators or stakeholders that distance-based rate methodologies are common across pipelines, which is not the case." Furthermore, it would impose programming and compliance obligations on parties who do not use distance-based charging methods, "creating unnecessary burdens for many LDCs and end users." In conclusion, the comment stated that “NAESB has not adopted standards that reflect non-uniform or pipeline-specific tariff practices,” and noted that the recommendation “would represent a shift from that approach and create potential confusion in the application of NAESB standards.”

III. Executive Committee Disposition

The WGQ EC considered the recommendation related to Standards Request R24004 during its March 27, 2025 meeting. A motion was made to adopt the recommendation and distribute for membership ratification. At the meeting, 14 affirmative votes, 2 opposing votes, and 2 abstentions were recorded. As the vote did not result in a determinative outcome, a notational ballot was issued at the request of the WGQ EC chairs that went out to the WGQ EC Members absent from all or portions of the WGQ EC Meeting and eligible alternates.

A notational ballot was distributed following the meeting on March 28, 2025 and the voting period closed on April 4, 2025. With the inclusion of the notational votes, all 25 EC members participated in the determination. The recommendation received 20 affirmative votes, 4 votes in opposition, and 1 abstention. While the recommendation received the required overall supermajority (67%) support of the full WGQ EC, it did not meet the additional requirement of receiving at least 40% support from each fully populated segment. The segment failing to provide the requisite support was the Local Distribution Company (LDC) segment and as a result, the recommendation was not approved and not distributed for membership ratification. Therefore, no changes have been made to the NAESB WGQ Business Practice Standards in response to Standards Request R24004.

IV. NAESB Process Requirements

The development process for Standards Request R24004 followed the established NAESB standards development procedure. As per the NAESB Certificate of Incorporation, Article V, Section 4:

An affirmative vote of at least sixty-seven percent (67%) of the Executive Committee members from the applicable quadrant(s), including an affirmative vote of at least forty percent (40%) from members of each segment within the applicable quadrant(s), provided such segment is fully populated to the extent determined in the Bylaws, shall be required to adopt, promulgate, amend, revise, modify, interpret, or rescind a standard affecting the respective quadrant(s). Such vote must be ratified by a sixty-seven percent (67%) affirmative vote of those members of the applicable quadrants of the general membership voting. No quorum of the members shall be required for such vote.

Per past practice, this report is submitted to inform the Commission of the outcome of NAESB's standards development process for Standards Request R24004. The request was reviewed by NAESB subcommittees, subject to industry comment, and considered by the WGQ EC. The proposed modifications did not receive the necessary support and were not adopted. The NAESB Board of Directors was informed that the segment block had occurred and that a report would be submitted to the Commission absent any other direction from the Board members during its April 24, 2025 meeting.

V. Conclusion

NAESB appreciates the opportunity to provide this status report to the Commission concerning Standards Request R24004 and looks forward to responding to any guidance provided by the Commission. NAESB will continue to address industry standards request and provide updates to the Commission as appropriate.

- Appendix A [Hyperlinks to Standards Request R24004, Recommendation, and Comments](#)
- Appendix B [Hyperlinks to NAESB WGQ BPS and IR/Technical Subcommittee Meeting Minutes \(October – November 2024\), Presentations, Work Papers, and Voting Records](#)
- Appendix C [Hyperlinks to Executive Committee Meeting Minutes, Comments, and Voting Record](#)
- Appendix D [List of Transcripts](#)
- Appendix E [Hyperlinks to R24004 Notational Ballot and Notational Ballot Results](#)

Status Report of the North American Energy Standards Board
 Concerning Standards Request R24004
 May 8, 2025

APPENDIX A – HYPERLINKS TO STANDARDS REQUEST R24004, RECOMMENDATION, AND COMMENTS		
Hyperlink to Request	Recommendation	Hyperlinks to Comments Submitted During Formal Comment Period
Request: https://naesb.org/pdf4/r24004.docx	Standards Request R24004 Recommendation to Request to add additional Data Elements to the NAESB WGQ Standard 3.4.1 Transportation / Sales Invoice dataset to accommodate the practice of charging Distance Based Rates for transportation services: https://naesb.org/member_login_check.asp?doc=wgq_R24004_rec_112224.docx	Comments Submitted by M. Agen, American Gas Association: https://naesb.org/pdf4/wgq_112524reqcom_aga.pdf

APPENDIX B – HYPERLINKS TO NAESB WGQ BPS AND IR/TECHNICAL SUBCOMMITTEE MEETING MINUTES (OCTOBER – NOVEMBER 2024), PRESENTATIONS, WORK PAPERS, AND VOTING RECORDS		
Date	Hyperlinks to Meeting Minutes & Voting Records	Hyperlinks to Presentations and Work Papers
10-8-24	WGQ BPS Meeting Minutes: https://naesb.org/pdf4/wgq_bps100824fm.doc	Standards Request R24004: https://naesb.org/pdf4/wgq_bps100824w1.docx
10-15-24	WGQ BPS Meeting Minutes: https://naesb.org/pdf4/wgq_bps101524fm.doc R24004 Instruction to Joint Information Requirements and Technical Subcommittees: https://naesb.org/pdf4/wgq_bps101524a1.docx	Standards Request R24004: https://naesb.org/pdf4/wgq_bps101524w1.docx
10-24-24	Joint WGQ IR and Technical Subcommittees Meeting Minutes: https://naesb.org/pdf4/wgq_ir_tech102424fm.docx Attachment 1- R24004: https://naesb.org/pdf4/wgq_ir_tech102424a1.docx	Work Paper 1 – R24004: https://naesb.org/pdf4/wgq_ir_tech102424w1.docx
11-19-24	Joint WGQ IR and Technical Subcommittees Meeting Minutes: https://naesb.org/pdf4/wgq_ir_tech111924fm.docx Attachment 1- R24004: https://naesb.org/member_login_check.asp?doc=wgq_ir_tech111924a1.docx	Work Paper 1 – R24004: https://naesb.org/pdf4/wgq_ir_tech111924w1.docx

APPENDIX C – HYPERLINKS TO EXECUTIVE COMMITTEE MEETING MINUTES, COMMENTS, AND VOTING RECORD			
Date	Hyperlink to Meeting Minutes & Voting Record	Recommendation	Hyperlinks to Comments Submitted During Formal Comment Period
3-27-25	Meeting Minutes: https://www.naesb.org/pdf4/wgq_cc032725dm.docx	Standards Request R24004 Recommendation to Request to add additional Data Elements to the NAESB WGQ Standard 3.4.1 Transportation / Sales Invoice dataset to accommodate the practice of charging Distance Based Rates for transportation services: https://naesb.org/member_login_check.asp?doc=wgq_R24004_rec_112224.docx	Comments Submitted by M. Agen, American Gas Association: https://naesb.org/pdf4/wgq_112524reqcomment_aga.pdf

APPENDIX D – LIST OF TRANSCRIPTS			
Date	Meeting and Minutes	Transcription Service	How to obtain transcripts ¹
3-27-25	WGQ EC, Conference Call with Web Conferencing Meeting Minutes: https://www.naesb.org/pdf/4/wgq_ec032725dm.docx	Jill Vaughn, CSR	Jill Vaughan, CSR 1803 Rustic Oak Ln Seabrook, Texas 77586, 281-853-6807

¹ The Federal Energy Regulatory Commission and other regulatory agencies may contact the NAESB office to obtain electronic copies of the transcripts. All others can contact the transcription service and order the transcripts for a nominal fee.

APPENDIX E – HYPERLINKS TO R24004 NOTATIONAL BALLOT AND NOTATIONAL BALLOT RESULTS	
Hyperlink to Ballot	Hyperlink to Notational Ballots Results
https://naesb.org/pdf4/wgq_ec032825ballot_R24004.docx	https://naesb.org/pdf4/wgq_ec032825ballot_R24004_results.docx